

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by CHAIRMAN PAUL "BUD" BURKE at
Chairperson

4:45 ~~xxx~~/p.m. on MARCH 24, 1983 in room 531-N of the Capitol.

All members were present ~~except~~:

Committee staff present: Wayne Morris, Research Department
Tom Severn, Research Department
Don Hayward, Revisor's Office

Conferees appearing before the committee:

The committee continued to consider classification and SCR 1619. The Revisor had been requested to ascertain if this resolution could be amended to provide for Class 1, sub-classes B, C, D, and E (real property), so that assessment ratios are equal to the appraisal-assessment ratio that is calculated following reappraisal.

Arden Ensley, Revisor of Statutes, said he believes this would be possible and he distributed copies of the first draft of the suggested amendment to the committee members. (Attachment #1)

Senator Hayden commented he doesn't think the people will understand what they are voting on.

Senator Kerr made a motion to: 1) exempt livestock inventory; 2) tax all machinery on a depreciation schedule (no exemption allowed); 3) tax business real estate at 12% and 4) strike provisions in resolution referring to an exemption for merchants and manufacturers' inventory, Section 2(B). Senator Johnston seconded the motion.

There was discussion as to the difficulty of placing farm machinery back on the rolls after being exempted, the reasons for exempting livestock (neighboring states do this), and also the problems in connection with Nebraska exempting all personal property, including farm machinery.

The chairman commented that if we are going to exempt merchants and manufacturers inventories, livestock, etc., then exempt everything. This motion narrows the base by \$150 million. We are talking about the philosophy of exempting all these individual taxes, and personal property is abused the most in terms of reporting. Some farms have livestock, some don't; and you are treating some businessmen differently than others. We would need a longer phaseout on personal property if we do this. Senator Johnston commented that once we exempt something like farm machinery, it is difficult to stop and you erode your tax base significantly.

Senator Thiessen made a substitute motion to delete farm machinery from the motion (take out of Class 3 and put it in the constitution as exempt). Senator Allen seconded the motion. The motion failed.

The committee returned to the original motion. There was discussion of the motion on March 23 which included the 1¢ sales tax tie-in.

Senator Hayden made a substitute motion to remove all personal property tax. Senator Ehrlich seconded the motion. The motion failed to pass, 5-6.

The chairman said that he can support this motion with a ten-year phase out similar to the Iowa Plan.

Senator Hayden moved and Senator Ehrlich seconded a motion to exempt all personal property, including farm machinery, by phasing it out over a ten-year period. There was discussion as to when this would take effect, when it would be put on the ballot, and the difficulty of placing farm machinery back on the tax rolls. Arden Ensley said it would be possible to put the various categories on different schedules for phasing out. The motion failed.

The committee returned to the original motion by Senator Kerr. The motion failed.

The chairman announced that the committee will meet tomorrow after adjournment of the Senate to discuss classification.

The meeting was adjourned at 5:40 p.m.

Industrial, commercial, rail transportation, air transportation and motor carrier transportation real property except property used for residential purposes shall be assessed at a percentage of value equal to the statewide average of the assessed value of industrial and commercial property in the year next preceding the year in which the governor certifies that countywide reappraisal programs have been completed in all counties of the state divided by the statewide average of the appraised value of such property in such year. The governor shall certify such percentage to the secretary of state.